

NCA
VOC FOR IOP/FN
BACKGROUNDER NO. 1-0023
JOHN PAXSON/BILLINGS, MONTANA

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THE WHEAT CONTROVERSY -- FARMERS VERSUS THE GOVERNMENT

ANNCR:

VOA CORRESPONDENT JOHN PAXSON HAS THIS BACKGROUND REPORT ON AMERICA'S NUMBER ONE AGRICULTURAL COMMODITY -- WHEAT, AND THE CONTROVERSY SURROUNDING THE QUESTION OF WHETHER WHEAT EXPORTS SHOULD BE CONTROLLED BY THE U.S. GOVERNMENT.

VOICE:

GENERALLY, THERE ARE TWO SIDES TO THE CONTROVERSY. ON ONE IS THE FEDERAL GOVERNMENT WHICH HAS INTRODUCED SOME CONTROLS ON EXPORTS OF WHEAT. ON THE OTHER, ARE THE AMERICAN FARMERS, WHO FOR TWO YEARS NOW HAVE PRODUCED RECORD HARVESTS OF WHEAT. PUT SIMPLY, THE GOVERNMENT ARGUES THERE MUST BE SOME FORM OF CONTROL ON THE COMMODITY IF AMERICAN CONSUMERS ARE TO BE ASSURED OF GENERALLY STABLE FOOD PRICES. THE FARMERS, ON THE OTHER HAND, ARGUE THAT GOVERNMENT CONTROL ONLY RESTRICTS PROFITS, AND CAN RESULT IN REDUCED PRODUCTION. THEY SAY THAT FARMERS SHOULD BE ALLOWED TO SELL AS MUCH OF THEIR WHEAT AS THEY CAN TO ANYONE IN THE WORLD WHO WILL BUY IT AT FREE MARKET PRICES.

THE ISSUE CAME SHARPLY INTO FOCUS THIS WEEK WHEN THE NATIONAL ASSOCIATION OF WHEAT GROWERS HELD ITS ANNUAL CONVENTION IN BILLINGS, MONTANA. ASSEMBLED FOR THE CONVENTION WERE REPRESENTATIVES OF WHEAT GROWERS WHO LAST YEAR PRODUCED ALMOST SEVENTY-FIVE PERCENT OF AMERICA'S RECORD HARVEST. THERE WAS AN APPARENT CONSENSUS AMONG THE FARMERS THAT GOVERNMENT EXPORT REGULATIONS HAD SERIOUSLY ERODED THEIR

PROFITS. THE FOCAL POINT OF THEIR CRITICISM WAS LAST YEAR'S U.S.-SOVIET GRAIN TRADE AGREEMENT WORKED OUT BY PRESIDENT GERALD FORD, AND A BRIEF MORATORIUM ON EXPORTS OF WHEAT TO THE SOVIET UNION BEFORE THE AGREEMENT WAS NEGOTIATED. FARMERS SAY THE MORATORIUM ON EXPORTS CAUSED A SERIOUS DECLINE IN THEIR PROFITS, WHICH THEY CLAIM SLIPPED SOME FORTY PERCENT, AND THEY FEAR THAT THE U.S.-SOVIET GRAIN AGREEMENT WILL HAVE MUCH-THE SAME EFFECT.

THAT FIVE-YEAR AGREEMENT SETS A LIMIT OF EIGHT MILLION TONS ON THE AMOUNT OF WHEAT AMERICANS WILL BE ABLE TO SELL TO THE SOVIET UNION EACH YEAR AT FREE MARKET PRICES. ONCE THE EIGHT MILLION TON CEILING IS REACHED, THE FEDERAL GOVERNMENT WILL STEP IN TO DETERMINE WHETHER FURTHER SALES CAN BE MADE. HOWEVER, THE GOVERNMENT CLAIMS THAT THE AGREEMENT WILL HAVE NO APPRECIABLE EFFECT ON PRICES THE WHEAT GROWERS CAN GET FOR THEIR PRODUCT. THE AGREEMENT, SAYS THE GOVERNMENT WILL MERELY SERVE TO MAKE THE INTERNATIONAL WHEAT MARKET MORE STABLE AND TO ASSURE THERE WILL BE AMPLE DOMESTIC SUPPLIES OF WHEAT IN THE YEARS TO COME.

BOTH SIDES HAVE GOOD ARGUMENTS, BUT IT IS APPARENT THAT ARGUMENTS ALONE WILL DO LITTLE TO SETTLE THE CONTROVERSY. THAT SETTLEMENT WILL PROBABLY COME FROM THE COURTS. THE NATIONAL ASSOCIATION OF WHEAT GROWERS DECIDED THURSDAY TO GO AHEAD WITH A COURT SUIT AGAINST THE FEDERAL GOVERNMENT. THE SUIT WILL ARGUE THAT PRESIDENT FORD HAD NO AUTHORITY TO INITIATE AND APPROVE THE U.S.-SOVIET GRAIN TRADE AGREEMENT; AND THAT THE AGREEMENT IS ILLEGAL AND SHOULD BE NULLIFIED. THE FARMERS HOPE THEIR SUIT WILL FORCE AN END TO GOVERNMENT

INVOLVEMENT IN THE GRAIN TRADE. THUS, THE UNITED STATES SUPREME COURT MAY BE THE ULTIMATE ARBITRATOR IN THIS DISPUTE BETWEEN THE GOVERNMENT AND THE AMERICAN FARMERS OVER WHEAT.

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